

This Listing Statement is compiled by the Exchange from documents filed by the Company in making application for listing. It is issued for the information of members, member firms and member corporations of the Exchange. It is not and is not to be construed as a prospectus. The Exchange has received no consideration in connection with the issue of this Listing Statement other than the customary listing fee. The documents referred to above are open for inspection at the general office of the Exchange.

LISTING STATEMENT NO. 2395.

LISTED SEPTEMBER 16, 1969
1,675,000 Common shares without par value of which 425,000 shares are subject to issuance.
Stock Symbol AOD.
Post Section 9.1
Dial Quotation No. 2298

THE TORONTO STOCK EXCHANGE

LISTING STATEMENT

ALLARCO DEVELOPMENTS LTD.

Incorporated under the Laws of the Province of Alberta on September 28, 1954.

CAPITALIZATION AS AT JUNE 5, 1969.

SHARE CAPITAL	AUTHORIZED	ISSUED AND OUTSTANDING	TO BE LISTED
Common shares without par value of which 425,000 are subject to issuance	3,500,000	1,250,000	1,675,000
FUNDED DEBT			
7% Convertible Debentures Series A due June 1, 1989	\$5,000,000	\$5,000,000	
Mortgages outstanding*		\$30,269,575	

* for further particulars of these mortgages reference is made to page 9 of the attached Prospectus.

1. APPLICATION

ALLARCO DEVELOPMENTS LTD. (hereinafter called the "Company") hereby makes application for the listing on The Toronto Stock Exchange of 1,675,000 common shares without nominal or par value in the capital stock of the Company, of which 1,250,000 shares have been issued and are outstanding as fully paid and non-assessable. The remaining 425,000 common shares included in this application have been reserved as follows:

For issue upon conversion of outstanding 7% Convertible Debentures Series A	375,000
Employees stock options at \$12.00 per share expiring January 16, 1974	28,500
Reserved for options to directors, officers or employees	50,000
	425,000

2. REFERENCE TO PROSPECTUS

Reference is hereby made to the attached Prospectus issued by the Company under the date of May 2nd, 1969, with respect to the offering of \$5,000,000 principal amount of 7% Convertible Debentures Series A and 250,000 shares without nominal or par value of the Company. This Prospectus was filed with all the Provincial Securities Commissions or similar regulatory bodies in Canada except for the Provinces of Newfoundland and British Columbia. All of the said Series A Debentures and shares without nominal or par value were sold to Richardson Securities of Canada, underwriters, on June 5th, 1969, and the Company received the net proceeds from the sale thereof.

3. HISTORY

For information concerning the history of the Company reference is made to page 3 of the attached Prospectus.

4. NATURE OF BUSINESS

For information with respect to the nature of the business conducted by the Company, reference is made to pages 4 to 8 of the attached Prospectus.

5. SHARE ISSUES DURING THE PAST TEN YEARS

<u>Date of Issue</u>	<u>No. of Shares Issued</u>	<u>Amount Realized Per Share</u>	<u>Total Amount Realized</u>	<u>Purpose of Issue</u>
June 5, 1969	250,000	\$11.40	\$2,850,000	Reference is made to the "Use of of Proceeds" paragraph on page 9 of the attached Prospectus

6. STOCK PROVISIONS AND VOTING POWERS

Each common share carries one vote at all meetings of shareholders.

7. DIVIDEND RECORD

The Company has not paid any dividend on its shares.

8. SUBSIDIARY COMPANIES

(a) Abe's Auto Parts Ltd. was incorporated under the Laws of the Province of Alberta by Certificate of Incorporation dated the 24th day of March, 1958. The Company is authorized to issue 20,000 shares without nominal or par value. The maximum price or consideration at or for which the shares may be sold is \$20,000. The Company has issued 100 shares, 55 of which are now held by Allarco Developments Ltd. This Company operates a car wrecking business and has sold used car parts since 1959.

(b) Columbia Insurance Services Limited was incorporated under the Laws of the Province of Alberta by Certificate of Incorporation dated the 6th day of June, 1962. The Company is authorized to issue 20,000 shares without nominal or par value. The maximum price or consideration at or for which the shares may be sold is \$20,000. The Company has issued 98 shares, 95 of which are now held by Allarco Developments Ltd. This Company operates a general insurance agency.

(c) Media Publishing Company Limited was incorporated under the Laws of the Province of Alberta by Certificate of Incorporation dated the 3rd day of June, 1960. The Company is authorized to issue 20,000 shares without nominal or par value. The maximum price or consideration at or for which the shares may be sold is \$20,000. The Company has issued 10 shares, 4 of which are held by Metropolitan Printing Company, Limited [see (d) below] and 5 of which are held beneficially for Allarco Developments Ltd. by Dr. Charles A. Allard. This Company is inactive.

(d) Metropolitan Printing Company, Limited was incorporated under the Ordinance of the Northwest Territories respecting Companies by Certificate of Incorporation dated the 24th day of February, 1921, with an authorized capital of \$40,000 divided into 400 common shares with a nominal or par value of \$100 each, of which 382 shares have been issued, 379 of which are now owned by Salisbury Developments Ltd. [see (h) below]. This Company is engaged in a job printing business.

(e) Moore Aviation Ltd. was incorporated under the Laws of the Province of Alberta by Certificate of Incorporation dated the 6th day of January, 1964. The authorized capital of the Company is \$260,000 divided into 600 Class "A" non-voting cumulative redeemable 6% preferred shares with a nominal or par value of \$100 each and 2,000 Class "B" non-voting cumulative redeemable 7% preferred shares with a nominal or par value of \$100 each. The Company is also authorized to issue 20,000 shares without nominal or par value. The maximum price or consideration at or for which the shares without nominal or par value may be sold is \$20,000. The Company has issued 600 Class "A" preference shares, 300 of which are held by Allarco Developments Ltd. The Company has issued 1,000 Class "B" preference shares all of which are held by North West Trust Company. The Company has issued 2,000 shares without nominal or par value, 480 of which are held by Allarco Developments Ltd. and 560 of which are held by North West Trust Company [see (f) below]. This Company sells new and used aircraft, sells and installs electronic navigational equipment, and operates a repair shop.

(f) North West Trust Company was incorporated under the Ordinance of the Northwest Territories respecting Companies by Certificate of Incorporation dated the 9th day of February, 1911. The authorized capital of the Company is \$5,000,000 divided into 100,000 shares with a nominal or par value of \$10 each and 400,000 non-voting participating preferred shares with a nominal par value of \$10 each. The Company has issued 48,580 shares without nominal or par value, of which 32,622 are directly or beneficially held by Allarco Developments Ltd. The Company has issued 207,029 preferred shares of which 24,268 are directly or beneficially held by Allarco Developments Ltd. This Company provides usual trust services including administrative services under wills or by appointments, and the management of estates and property.

(g) Premium Acceptance Corporation (1968) Ltd. was formed by an amalgamation of 16 inactive companies, pursuant to Section 140a of The Companies Act (Alberta) dated the 31st day of December, 1968. The Company is authorized to issue 66,520 shares without nominal or par value. The maximum price of consideration at or for which the shares may be sold is \$66,520. All the shares have been issued and all are directly or beneficially held by Allarco Developments Ltd. This Company does not carry on an active business.

(h) Salisbury Developments Ltd. was incorporated under the Laws of the Province of Alberta by Certificate of Incorporation dated the 6th day of February, 1961. The Company is authorized to issue 20,000 shares without nominal or par value. The maximum price or consideration at or for which the shares may be sold is \$20,000. The Company has issued 10 shares, 6 of which are held directly or beneficially by Allarco Developments Ltd. Salisbury Developments Ltd. is itself inactive but holds shares in Metropolitan Printing Company, Limited.

9. FUNDED DEBT

Full particulars of the funded debt of the Company and its subsidiaries are set out in the attached Prospectus under the headings, "Description of the 7% Convertible Sinking Fund Debentures Series A and Certain Provisions of the Trust Deed" on page 10 and following of the Prospectus.

10. OPTIONS, UNDERWRITINGS, ETC.

Directors and key employees of the Company hold options to purchase an aggregate of 28,000 common shares of the Company at a price of \$12 per share exercisable 4,700 shares annually until January 16, 1974. 21,500 common shares have been reserved for options which may be granted to employees (including directors and officers) in the future.

375,000 common shares of the Company have been reserved for the exercise of the conversion privilege attached to the said Convertible Sinking Fund Debentures Series A, particulars of which are set out under the heading, "Conversion Privilege" on page 12 of the Prospectus attached hereto.

11. LISTING ON OTHER STOCK EXCHANGES

The common shares of the Company are not listed on any other Stock Exchanges.

12. STATUS UNDER SECURITIES ACTS

The said \$5,000,000 principal amount of 7% Convertible Debentures Series A offered for sale by the above mentioned Prospectus and the 250,000 common shares without nominal or par value were qualified for sale to the public through registered brokers in Prince Edward Island, Nova Scotia, New Brunswick, Québec, Ontario, Manitoba, Saskatchewan and Alberta in May, 1969.

13. FISCAL YEAR

The fiscal year of the Company ends on the 31st day of October in each year.

14. ANNUAL MEETING

The Articles of Association of the Company provide that the Annual Meeting of the Company shall be held at such time and place as may be determined by the Board of Directors of the Company.

15. HEAD AND OTHER OFFICES

The registered and head office of the Company is 618-10049 Jasper Avenue, Edmonton, Alberta.

16. TRANSFER AGENT

North West Trust Company at its principal offices in the Cities of Edmonton, Vancouver and Winnipeg is the transfer agent for the common shares of the Company. Montreal Trust Company at its principal offices in the Cities of Toronto, Montreal and Halifax are co-transfer agents for the common shares of the Company.

17. TRANSFER FEE

No fee is charged on stock transfers other than the customary Government stock transfer fees.

18. REGISTRAR

North West Trust Company at its principal offices in the Cities of Vancouver, Edmonton and Winnipeg and Montreal Trust Company at its principal offices in the Cities of Toronto, Montreal and Halifax are Registrars for the common shares of the Company.

19. AUDITORS

The Auditors of the Company are Messrs. Alexander Kennedy Miller & Co., Chartered Accountants, 10621-100th Avenue, Edmonton, Alberta.

20. OFFICERS AND DIRECTORS

<u>Name and Address</u>	<u>Office</u>	<u>Principal Occupation</u>
Charles Alexander Allard 9530 Riverside Drive Edmonton, Alberta	President, Director	President of Allarco since 1954 and until January, 1969, was Chief of Surgery at Edmonton General Hospital
John Cameron Allard 903-9816-112th Street Edmonton, Alberta	Secretary, Director	Assistant General Manager of North West Trust Company since November, 1968; prior to that time employed in other capacities with that Company
Zane Feldman 9712-141st Street Edmonton, Alberta	Vice-President, Director	Vice-President of Allarco and General Manager of the automotive divisions of Allarco
Frederick Newton Hughes 419 Boreham Boulevard Winnipeg, Manitoba	Director	Partner, Richardson Securities of Canada
George Alexander Cameron Steer, Q.C. 8612 Buena Vista Road Edmonton, Alberta	Director	Partner, Milner & Steer

The directors and officers who have not held their present principal occupations for the past five years are as follows: John Cameron Allard—trust company employee.

21.

CERTIFICATE

Pursuant to a resolution passed by the Board of Directors the applicant Company hereby applies for listing of the above-mentioned securities on The Toronto Stock Exchange, and the undersigned officers thereof hereby certify that the statements and representations made in this application and in the documents submitted in support thereof are true and correct.

ALLARCO DEVELOPMENTS LTD.



By "CHARLES ALLARD",
President

By "CAMERON ALLARD",
Secretary

22.

CERTIFICATE OF UNDERWRITERS

To the best of our knowledge, information and belief, all of the statements and representations made in this application and in the documents submitted in support thereof are true and correct.

RICHARDSON SECURITIES OF CANADA

By "A. THOMPSON"

DISTRIBUTION OF COMMON STOCK AS OF AUGUST 25, 1969

Number					Shares
6	Holders of	1 —	24 share lots	.....	60
439	" "	25 —	99 " "	.....	21,980
142	" "	100 —	199 " "	.....	15,050
34	" "	200 —	299 " "	.....	7,745
15	" "	300 —	399 " "	.....	4,750
4	" "	400 —	499 " "	.....	1,830
17	" "	500 —	999 " "	.....	9,225
30	" "	1000 —	up " "	.....	1,232,437
<u>687</u>	Shareholders			Total shares	<u>1,293,077</u>

DISTRIBUTION OF STOCK HELD FOR CLIENTS IN THE NAME OF
RICHARDSON SECURITIES OF CANADA

Number					Shares
2	Holders of	1 —	24 share lots	.....	35
553	" "	25 —	99 " "	.....	27,570
224	" "	100 —	199 " "	.....	23,750
43	" "	200 —	299 " "	.....	9,400
14	" "	300 —	399 " "	.....	4,325
2	" "	400 —	499 " "	.....	900
16	" "	500 —	999 " "	.....	8,150
7	" "	1000 —	up " "	.....	41,240
<u>861</u>	Shareholders			Total shares	<u>115,370</u>

PROSPECTUS DATED MAY 2, 1969.

THIS PROSPECTUS CONSTITUTES A PUBLIC OFFERING OF THESE SECURITIES ONLY IN THOSE JURISDICTIONS WHERE THEY MAY BE LAWFULLY OFFERED FOR SALE

A copy of this prospectus has been filed with the Registrar of Companies of the Province of Alberta.

No securities commission or similar authority in Canada has in any way passed upon the merits of the securities offered hereby and any representation to the contrary is an offence.

NEW ISSUE:

ALLARCO DEVELOPMENTS LTD.

(Incorporated under the laws of the Province of Alberta)

\$5,000,000 7% Convertible Sinking Fund Debentures, Series A

To be dated: June 1, 1969

To mature: June 1, 1989

and

250,000 Shares

(Without nominal or par value)

Offered in Units, each to consist of a

\$1,000 7% Convertible Sinking Fund Debenture, Series A and 50 Shares

Principal and interest (December 1 and June 1) on the 7% Convertible Sinking Fund Debentures, Series A (Debentures Series A) payable in lawful money of Canada at the holder's option at any branch in Canada of the bankers of Allarco Developments Ltd. (Allarco). Interim Debentures representing the Units offered by this prospectus will be issued only in fully registered form. The interim Debentures will be exchangeable at the option of Allarco at any time after delivery date and in any event, prior to July 31, 1969 for definitive share certificates and separate Debentures in definitive form. Prior to delivery of definitive certificates each Unit will be transferable only as such. The Debentures Series A will be available in fully registered form in denominations of \$1,000 and authorized multiples thereof and in coupon form in denominations of \$1,000 with provision for registration as to principal only. Coupon Debentures Series A and fully registered Debentures Series A will be interchangeable. The Debentures Series A will be redeemable at the principal amount plus accrued interest and redemption premium as described under the subheading Redemption on page 11.

Allarco will covenant in the Trust Deed to establish a sinking fund commencing in 1974 to retire \$2,450,000 of the principal amount of the Debentures Series A prior to maturity as described under the subheading Sinking Fund on page 11.

The Debentures Series A will be convertible into fully paid shares of Allarco as described under the subheading Conversion Privilege on page 12.

Price: \$1,600 per Unit⁽¹⁾

	Price to Public (1)	Proceeds to the Underwriter	Proceeds to the Company (2)
Per Unit	\$1,600	\$80	\$1,520
Total	\$8,000,000	\$400,000	\$7,600,000
(1) Plus accrued interest from June 1, 1969 to the date of delivery.			
(2) Before deduction of estimated expenses of \$62,500.			

THESE ARE SPECULATIVE SECURITIES

There is no market for the shares of Allarco and the price for this offering was determined by negotiation between Allarco and the Underwriter.

Before the completion of this financing the tangible book value of the outstanding common shares of Allarco was \$1.26 per share. Upon the completion of the financing the common shares will have a tangible book value of \$3.41 per share and if conversion of the Debentures Series A is assumed, the common shares would have a tangible book value of \$5.70 per share. These net tangible book values are calculated at cost and thus are not calculated in accordance with the definition of consolidated net tangible assets which makes provision for the adjustment of the most recent appraised value of the revenue-producing properties as set forth under the subheading Certain Definitions on page 12. Purchasers are suffering an immediate dilution in the book value of their shares.

We, as principals, offer these shares, subject to prior sale, if, as and when issued by Allarco Developments Ltd. and accepted by us and subject to the approval of all legal matters on behalf of Allarco Developments Ltd. by Messrs. Milner & Steer, Edmonton and on our behalf by Messrs. Pitblado, Hoskin & Co., Winnipeg.

It is expected that fully registered interim Debentures representing the Units offered by this prospectus will be available on or about June 5, 1969.



RICHARDSON SECURITIES OF CANADA

HEAD OFFICE: WINNIPEG, MANITOBA

VICTORIA, VANCOUVER, PRINCE GEORGE, CALGARY EDMONTON, LETHBRIDGE, MEDICINE HAT, SWIFT CURRENT, SASKATOON, MOOSE JAW, REGINA, BRANDON, WINNIPEG, KENORA, WINDSOR, CHATHAM, SUDBURY, LONDON, KITCHENER, GALT, SARNIA, SIMCOE, HAMILTON, TORONTO, KINGSTON, OTTAWA, MONTREAL, QUEBEC CITY, FREDERICTON, SAINT JOHN, MONCTON, SUMMERSIDE, CHARLOTTETOWN, DARTMOUTH, HALIFAX, LONDON (ENGLAND), FRANKFURT (W. GERMANY).

TABLE OF CONTENTS

Statutory Rights of Withdrawal and Rescission of Purchasers in Ontario, Manitoba, Saskatchewan and Alberta	2	Debentures Series A	10
Allarco Developments Ltd.	3	Security	10
The Allarco Group	3	Additional Debt	10
Business	4	Covenants	10
Revenue-Producing Properties	4	Dividend Restriction	11
Land Held for Development	4	Redemption	11
Map	5	Sinking Fund	11
Hotels and Restaurants	6	Modification	12
Crosstown Motor City	6	Conversion Privilege	12
Medicar Diagnostic Clinic	6	Events of Default	12
Devonian Motors	6	Certain Definitions	12
Edmonton Car Rentals	7	Interest Coverage	13
Edmonton Rent-a-Car	7	Asset Coverage	13
Abe's Auto Parts Ltd.	7	The Shares	13
North West Trust Company	7	Description of the Shares	13
Premium Acceptance Corporation (1968) Ltd.	7	Dividend Policy	13
Columbia Insurance Services Ltd.	7	Options to Purchase Securities	14
Construction	7	Principal Holders of Shares	14
Moore Aviation Ltd.	8	Escrowed Shares	14
Blunt's Nursing Homes (1965) Ltd.	8	Management	14
Metropolitan Printing Ltd.	8	Directors and Officers	14
Radio Station CHQT Ltd.	8	Remuneration of the Directors and Senior Officers	15
Farms	8	Interest of Management in Material Transactions	15
Mineral Claims	8	Material Contracts	15
Oil Leases	8	Pending Legal Proceedings	15
Plan of Distribution	8	Auditors, Trustee, Transfer Agents and Registrar	15
Use of Proceeds	9	Auditors' Report — Allarco	16
Capitalization	9	Financial Statements — Allarco	17
Allarco's Interest in Earnings of Associated and Affiliated Companies	9	Auditors' Report — North West Trust Company	21
Description of the 7% Convertible Sinking Fund Debentures, Series A and Certain Provisions of the Trust Deed	10	Financial Statements — North West Trust Company	22
		Certificate of Allarco	25
		Certificate of the Underwriter	25

STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION OF PURCHASERS IN ONTARIO, MANITOBA, SASKATCHEWAN AND ALBERTA

The attention of purchasers in the Provinces of Ontario, Manitoba, Alberta and Saskatchewan of any of the securities offered by this prospectus is drawn to certain provisions of relevant legislation, namely: The Securities Act, 1966 (Ontario), The Securities Act, 1968 (Manitoba), The Securities Act, 1967 (Saskatchewan), and The Securities Act, 1967 (Alberta), which permit such purchasers in certain events and subject to certain conditions:

- (a) to withdraw from any agreement of purchase if written or telegraphic notice evidencing the intention of the purchaser not to be bound by the agreement of purchase is received by the vendor or his agent not later than midnight on the second business day after the prospectus or amended prospectus is received or is deemed to be received by the purchaser or his agent; and
- (b) to rescind the agreement of purchase by institution of legal proceedings within 90 days from the later of the date of receipt of the prospectus or amended prospectus by the purchaser or his agent or the date of the agreement of purchase if such prospectus, as of the date of receipt, contains an untrue statement of a material fact or omits to state a material fact necessary in order to make any statement contained therein not misleading in the light of the circumstances in which it was made.

The full text of the respective statutory provisions summarized above are contained in Sections 63 and 64 of The Securities Act, 1966 (Ontario), Sections 63 and 64 of The Securities Act, 1968 (Manitoba), Sections 70 and 71 of The Securities Act, 1967 (Saskatchewan) and Sections 63 and 64 of The Securities Act, 1967 (Alberta).

ALLARCO DEVELOPMENTS LTD.

Allarco Developments Ltd. (Allarco) was incorporated under the name Allard Investments Ltd. as a private company under the laws of the Province of Alberta by Certificate of Incorporation dated September 28, 1954. Subsequently, the name was changed to Crosstown Investments Ltd., then to Paris Investments Ltd. and on January 13, 1969, to Allarco Developments Ltd.

The original authorized capital of Allarco consisting of 20,000 shares without nominal or par value was, by Special Resolution filed with the Registrar of Companies for Alberta January 13, 1969, converted into 1,000,000 shares without nominal or par value, and then increased to 3,500,000 shares without nominal or par value. By Certificate of the Registrar of Companies for Alberta dated January 13, 1969, Allarco was converted into a public company.

The address of Allarco's registered office, head office and principal place of business is at 618 - 10049 Jasper Avenue, Edmonton, Alberta.

Allarco owns a number of subsidiary companies and has substantial interests in other associated and affiliated companies, which are referred to under the heading Business on page 4. The following table sets out the principal holdings of the Allarco group.

THE ALLARCO GROUP

The percentages show Allarco's interest where less than 100% is owned.

Revenue-Producing Properties

Beachcomber Building	Calgary
Beachcomber Building	Edmonton
Beachcomber Building	Victoria
Bristol Towers	Edmonton
Cambrian Building	Edmonton
Chamber of Commerce Buildings	Winnipeg
Robson Place	Vancouver
Crestview Apartments	Edmonton
Grandin Towers	Edmonton
Oliver Place	Edmonton
Park Royal Towers (50%)	West Vancouver
Peter Pond Apartments	Fort McMurray
Peter Pond Shopping Centre	Fort McMurray
Pine Point Shopping Centre Ltd. (50%)	Pine Point
Regency Apartments	Calgary
Regency Apartments	Edmonton
Regency Apartments	Victoria
Regency Apartments	Winnipeg
Branch Bank Building (Whyte Avenue at 99th Street)	Edmonton

Land Held for Development

Calgary—central	89,000 sq. ft.
Edmonton—central	112,000 sq. ft.
Edmonton—northeast	150 acres
Edmonton—southeast	183 acres
Edmonton—southwest	567 acres
Fort McMurray	6 acres
Vancouver—central	60,000 sq. ft.
Winnipeg—central	35,000 sq. ft.

Hotels and Restaurants

Beachcomber Restaurant	Calgary
Beachcomber Restaurant (67%)	Edmonton

Hotels and Restaurants—continued

Beachcomber Restaurant	Victoria
Chateau Lacombe	Edmonton
Inn of the North (50%)	Prince George
Holiday Inn (20%)	Yakima, Wash.
Oliver Place Steak House	Edmonton
Peter Pond Hotel	Fort McMurray
Pine Point Hotel Ltd. (50%)	Pine Point
Steak Loft (50%)	Edmonton

Automotive

Crosstown Motor City
Medicar Diagnostic Clinic
Devonian Motors
Edmonton Car Rentals
Edmonton Rent-a-Car
Abe's Auto Parts Ltd. (55%)

Construction

Redden Construction Ltd. (50%)
Citation Construction Ltd. (50%)
Clarendon Construction Ltd. (50%)

Other

Moore Aviation Ltd. (76%)
Blunt's Nursing Homes (1965) Ltd. (40%)
Metropolitan Printing Company Limited (60%)
Media Publishing Company Limited (inactive)
Salisbury Developments Ltd. (inactive)
Radio Station CHQT Ltd. (49.9%)
North West Trust Company (63%)
Premium Acceptance Corporation (1968) Ltd. (inactive)
Columbia Insurance Services Ltd. (97%)
Farms
Mineral Claims (50%)
Oil Leases (25%)

BUSINESS

Allarco is engaged, directly and through subsidiaries, in the development, ownership and management of revenue-producing properties, including apartments, shopping centres, office buildings and commercial properties. Allarco is also engaged, directly or through subsidiaries or associated and affiliated companies, in a number of businesses, including the automotive, hotel, restaurant and other businesses. The Allarco group has over 1,300 full-time employees.

The following schedule sets out Allarco's subsidiary and associated and affiliated companies. (All other holdings are operated as divisions of Allarco.)

Subsidiaries	Associates and Affiliates
Abe's Auto Parts Ltd.	Blunt's Nursing Homes (1965) Ltd.
Columbia Insurance Services Ltd.	Citation Construction Ltd.
Media Publishing Company Limited	Clarendon Construction Ltd.
Metropolitan Printing Company Limited	Devonian Leaseholds Ltd.
Moore Aviation Ltd.	(Edmonton Beachcomber and Steak Loft)
Paramount Motors Ltd. (Edmonton Rent-a-Car)	Fort George Hotel Ltd. (Inn of the North)
Premium Acceptance Corporation (1968) Ltd.	Pine Point Investments Ltd.
Salisbury Developments Ltd.	(Pine Point Hotel)
	Pine Point Shopping Centre Ltd.
	Radio Station CHQT Ltd.
	Redden Construction Ltd.
	Va-Alta Inc. (Yakima Holiday Inn)
Designated Subsidiary	
North West Trust Company	

Revenue-Producing Properties

Allarco owns or has an interest in 2,026 completed apartment units and 275,000 square feet of commercial property which are currently approximately 98% occupied with the exception of Oliver Place and Park Royal Towers which were recently completed and are in the final stages of the initial leasing program. Particulars of these income-producing properties are contained in the following table:

Property	Allarco's Equity Interest	Location	Residen- tial Units	Commer- cial Area (square feet)
Beachcomber Building	100%	Calgary		20,000
Beachcomber Building	100%	Edmonton		8,000
Beachcomber Building	100%	Victoria		6,000
Bristol Towers	100%	Edmonton	47	
Cambrian Building	100%	Edmonton		9,000
Chamber of Commerce Buildings	100%	Winnipeg		125,000
Robson Place	100%	Vancouver	190	18,000
Crestview Apartments	100%	Edmonton	74	
Grandin Towers	100%	Edmonton	125	
Oliver Place	100%	Edmonton	234	37,700
Park Royal Towers	50%	Vancouver	509	
Peter Pond Apartments	100%	Fort McMurray	36	
Peter Pond Shopping Centre	100%	Fort McMurray		28,000
Pine Point Shopping Centre	50%	Pine Point		18,300
Regency Apartments	100%	Calgary	125	
Regency Apartments	100%	Edmonton	158	
Regency Apartments	100%	Victoria	121	
Regency Apartments	100%	Winnipeg	407	
Branch Bank Building (Whyte Avenue at 99th Street)	100%	Edmonton		5,000
Total			2,026	275,000

As at October 31, 1968 the depreciated book value of Allarco's interest in the completed properties referred to above was approximately \$24,900,000, subject to specific mortgages affecting each of such properties in the aggregate principal amount of approximately \$23,200,000.

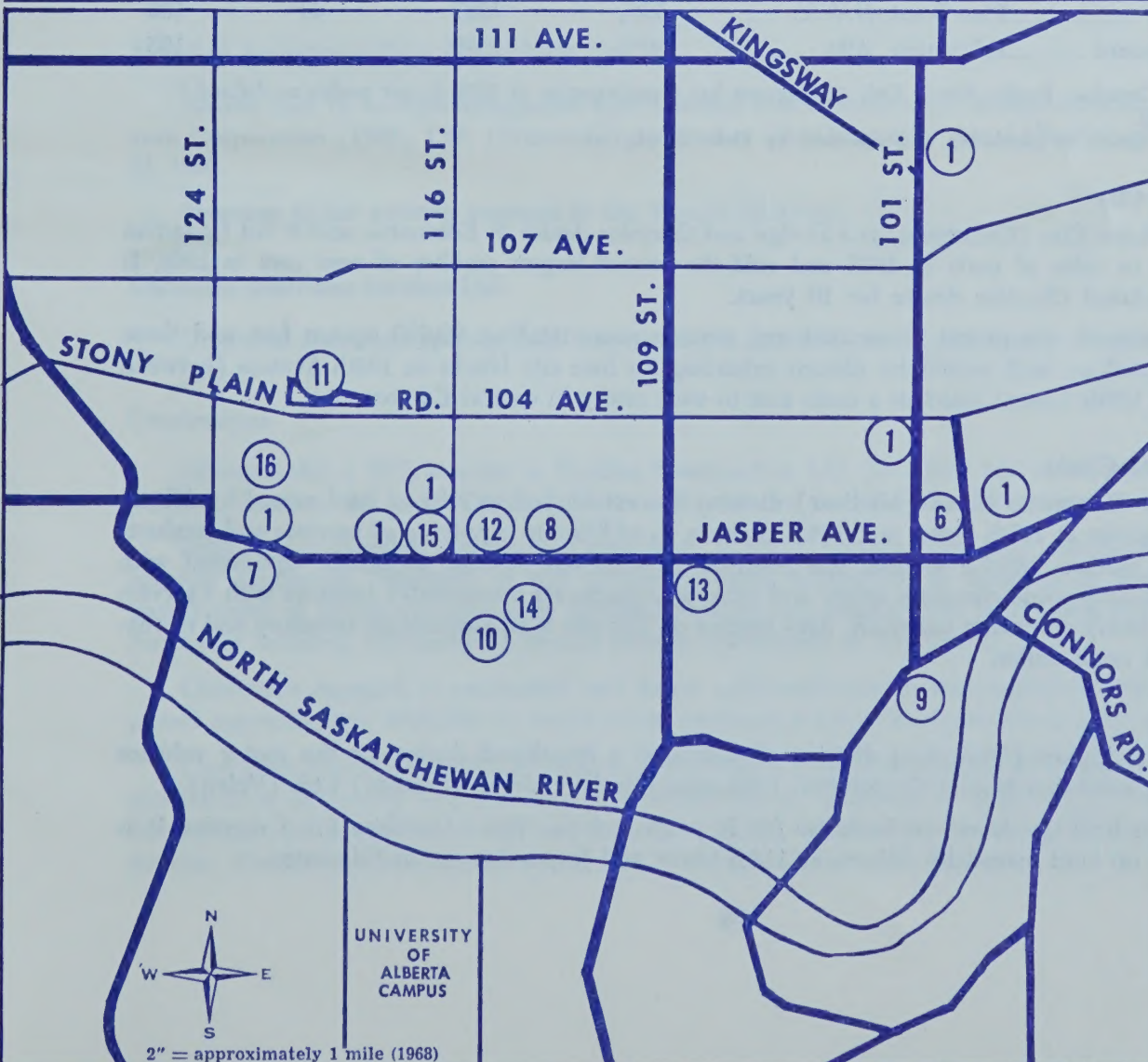
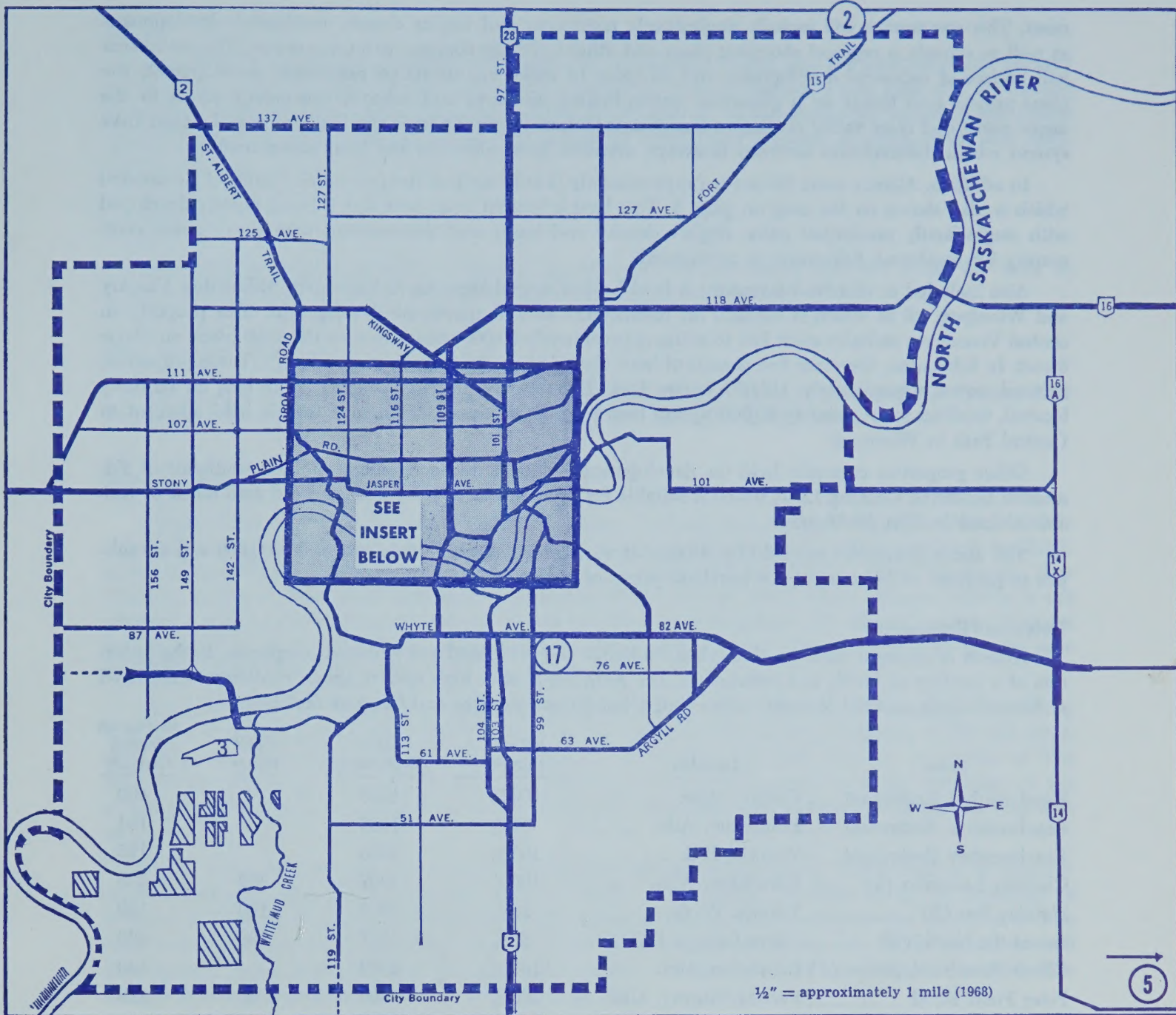
Management of all of Allarco's revenue-producing properties is provided by North West Trust Company, which is described on page 7.

Land Held for Development

To insure that land is available for development, Allarco maintains a land inventory.

The most important block of property currently held is 567 acres in southwest Edmonton. This consists of 503 unsubdivided acres and 163 subdivided residential lots and is shown on a map on page 5. This land is part of a block of approximately 2,000 acres bounded on the east by the White Mud Creek Ravine, on the north and west by the North Saskatchewan River and on the south by the city limits of Edmonton. Parklands, which include public recreational facilities, parallel the North Saskatchewan River and the White Mud Creek. Edmonton city centre is within 20 minutes of the area, which is accessible via the newly completed Quesnel Bridge over the Saskatchewan River and via existing river valley roads. A self-contained community of 90,000 people has been planned for this area by the City of Edmonton Planning Depart-

PROPERTIES HELD BY ALLARCO IN
EDMONTON
 (Enlargement shows Properties in central Edmonton)



LAND

1. Central Edmonton
 2. 150 acres - unsubdivided
 3. 163 residential lots
 4. 503 acres - unsubdivided*
 5. 183 acres - unsubdivided
- *Cross-hatched areas.

REVENUE PROPERTIES

6. Beachcomber Building
7. Bristol Apartments
8. Cambrian Building
9. Chateau Lacombe
10. Crestview Apartments
11. Crosstown Motor City
12. Devonian Motors
13. Edmonton Rent - a - Car
14. Grandin Apartments
15. Oliver Place
16. Regency Apartments
17. Branch Bank Building (Whyte Avenue at 99th Street)

ment. This community will include single-family residences and higher density residential developments as well as schools, a regional shopping plaza and other buildings common to a town centre. The entire area will be free of industrial development and, in order to make an attractive residential development, the plans project such things as: a greenway system linking all parks and schools, convenient access to the major parks and river valley recreation facilities, retention of existing trees and hedgerows and a clear road system which differentiates between freeways, arterials, local collectors and local access roads.

In addition, Allarco owns 150 acres (approximately ½ mile north of the present city limits of Edmonton) which is also shown on the map on page 5. This land is located in an area that is being rapidly developed with single-family residential units. Higher density and lower cost development than the planned community for southwest Edmonton is anticipated.

Also included in this land inventory is land held in central locations in Vancouver, Edmonton, Calgary and Winnipeg, all of which is suitable for commercial and/or apartment development. The property in central Vancouver includes eight lots totalling approximately 60,000 square feet on the 1200 block on Davie Street. In Edmonton, there are five parcels of land identified on the map on page 5 by ①. These properties, in total, cover approximately 112,000 square feet. The Calgary property consists of 27 lots, all centrally located, totalling approximately 89,000 square feet. Approximately 35,000 square feet is held adjacent to Central Park in Winnipeg.

Other properties currently held for development include a 183 acre parcel of land southeast of Edmonton bordering Cooking Lake, which is suitable for recreational development and a 6 acre block of residential land in Fort McMurray.

The above properties are held by Allarco at an approximate aggregate cost of \$3,900,000 and are subject to payment of balances of the purchase prices of approximately \$3,100,000.

Hotels and Restaurants

Allarco is engaged directly, through subsidiaries and associated and affiliated companies, in the operation of a number of hotels and restaurants. The restaurants offer high quality specialty dining while hotel facilities include cocktail lounges, coffee shops, hotel room services and banquet facilities.

Name	Location	Allarco's Interest	Date Completed	Hotel Rooms	Restaurant Seating Capacity
Beachcomber Restaurant	Calgary, Alta.	100%	1966		400
Beachcomber Restaurant	Edmonton, Alta.	67%	1964		194
Beachcomber Restaurant	Victoria, B.C.	100%	1966		125
Chateau Lacombe (1)	Edmonton, Alta.	100%	1967	380	328
Holiday Inn (2)	Yakima, Wash.	20%	1969	120	130
Inn of the North (3)	Prince George, B.C.	50%	1967	180	230
Oliver Place Steak House (2)	Edmonton, Alta.	100%	1969		140
Peter Pond Hotel	Fort McMurray, Alta.	100%	1966	40	128
Pine Point Hotel	Pine Point, N.W.T.	50%	1967	40	100
Steak Loft Restaurant	Edmonton, Alta.	50%	1959		195

(1) Operated by Canadian Pacific Hotels Ltd. (Mortgagee has a participation of 25% in net profits as defined.)

(2) Opening in 1969.

(3) Leased (with option to purchase) and operated by Delta Hotels Ltd.

Crosstown Motor City

Crosstown Motor City (Crosstown) is a Dodge and Chrysler dealer in Edmonton and it led Canadian Chrysler dealers in sales of parts in 1968 and sold the second largest number of new cars in 1968. It has been a franchised Chrysler dealer for 10 years.

In 1966 Crosstown completed showrooms and service areas totalling 90,000 square feet and these premises are located on land owned by Allarco extending for four city blocks on 104th Avenue (between 116th Street and 120th Street) which is a main east to west artery in central Edmonton.

Medicar Diagnostic Clinic

The Medicar Diagnostic Clinic (Medicar) division was established in 1968 on land owned by Allarco adjacent to Crosstown at 117th Street and 104th Avenue. In addition to supplying all services and products common to the modern service station, this Medicar location has modern diagnostic equipment with facilities designed to provide complete safety and reliability checks for automobiles, together with a service area and a completely automatic car wash. Also located on this site is an automobile accessory and recreational equipment retail outlet.

Devonian Motors

The Devonian Motors (Devonian) division of Allarco is a franchised dealer for the motor vehicles manufactured by American Motors Corporation (American) and by Volvo (Canada) Ltd. (Volvo).

Devonian has held the American franchise for 12 years and the Volvo franchise for 6 months. It is centrally located on land owned by Allarco at 114th Street and Jasper Avenue in Edmonton.

Edmonton Car Rentals

The Edmonton Car Rentals division engages in automobile leasing (for a 1 year minimum period) and operates a driving school. It has operated its automobile leasing business since 1964 and its driving school since 1963. At the present time approximately 350 vehicles of various makes are leased to individuals or companies. This division is located on land owned by Allarco in Edmonton at 120th Street and 104th Avenue.

Edmonton Rent-a-Car

Edmonton Rent-a-Car maintains a fleet of approximately 80 late model cars and trucks for daily or weekly rentals. It has been located at 109th Street and Jasper Avenue since 1964.

Abe's Auto Parts Ltd.

This company has operated a used car wrecking business and has sold used automobile parts since 1959. It is situated on a 3 acre site it owns at 138th Avenue and 127th Street, Edmonton.

North West Trust Company

Allarco owns 63.0% of the class A common shares (voting) and 11.6% of the First Preferred Participating shares (non-voting) of North West Trust Company (North West) which entitles it to 21.3% of the income. The non-voting shares of North West are listed on the Calgary Stock Exchange. The accounts of North West have not been consolidated with those of Allarco both because Allarco is not entitled to 50% of the income and because a more meaningful presentation of Allarco's other business activities can be given without such a consolidation. The financial statements of North West for the year ended December 31, 1968 are shown on pages 21 to 24 inclusive.

North West was incorporated on February 9, 1911 as The North West Trust Company Limited by Certificate of Incorporation under an ordinance of the Northwest Territories, however, it did not begin to provide the present range of services until 1959. It is expressly provided that the provisions of The Trust Companies Act, 1960 of the Province of Alberta supersede and prevail over any provision of the company's Memorandum and Articles of Association that may be inconsistent with or in conflict with that Act.

North West provides usual trust services including administrative services under wills or by appointments and the management of estates and property. North West accepts deposits at its 14 locations in Western Canada. As at January 1, 1969 North West acquired the assets and assumed the liabilities of The Alberta Fidelity Trust Company in exchange for 8,580 Class A Common Shares and 36,564 First Preferred Participating Shares of North West. The acquisition of The Alberta Fidelity Trust Company is reflected in the pro forma balance sheet of North West on page 22.

Premium Acceptance Corporation (1968) Ltd.

Allarco had 16 inactive companies with nominal assets which were amalgamated as Premium Acceptance Corporation (1968) Ltd. (Premium) pursuant to the Companies Act (Alberta) effective December 31, 1968.

Premium is not actively engaged in the finance business.

Columbia Insurance Services Ltd.

Columbia Insurance Services Ltd. has operated a general insurance agency in Alberta since 1962.

Construction

Allarco holds a 50% interest in Redden Construction Ltd. (Redden) and its wholly-owned subsidiary, Citation Construction Ltd. (Citation), and a 50% interest in Clarendon Construction Ltd. (Clarendon).

Redden is engaged in construction projects in Western Canada, primarily commercial buildings and highrise residential buildings. It has completed some \$30,000,000 of construction contracts during the past 5 years of which approximately \$27,000,000 were for Allarco. The head office of Redden is at 612 Northgate Building, Edmonton. A branch office is maintained in Vancouver.

Citation is engaged in residential and frame apartment construction projects in Alberta. It has completed approximately \$900,000 of construction contracts since its incorporation in 1965.

Clarendon was incorporated in 1966 and is engaged in the construction of single and multiple family residences in Edmonton and has completed \$2,800,000 in construction contracts. It will be engaged in developing a large number of the single family housing lots on land owned by Allarco in southwest Edmonton. Head Office of Clarendon is at 204 - 12316 Jasper Avenue, Edmonton.

Moore Aviation Ltd.

Moore Aviation Ltd. (Moore) was incorporated in 1964 and is the Western Canadian distributor for Aero Commander aeroplanes; and the Western Canadian distributor for Israeli Aircraft Industries (which manufactures the Jet Commander). Moore imports used aircraft from the United States of America for resale in Canada and elsewhere; sells and installs electronic navigational equipment; and operates a repair shop. Moore leases the number 4 hangar at Calgary International Airport and owns and operates 5 aircraft for charter and leasing. It has a Canadian Class 4B Air Transport Committee licence which permits non-scheduled public air carriage with piston, turbo-prop and jet aircraft of executive size. Under its 402 Foreign Air Carrier licence Moore is permitted to fly any size aircraft anywhere in the United States of America as a non-scheduled public air carrier. It is the intention of Moore to expand its charter operations as market conditions permit.

Blunt's Nursing Homes (1965) Ltd.

Blunt's Nursing Homes (1965) Ltd. (Blunt's) operates eight nursing homes in Alberta which are located in Athabasca, Bonnyville, Edmonton, Fort Macleod, Leduc, Mayerthorpe, St. Paul and Viking. Construction of these nursing homes began in 1967. They were completed in 1968 with a total capacity of 439 beds which are now fully occupied. Hospitals are under pressure to increase their bed turnover rates and nursing homes provide a solution by taking on patients past the critical phases of their illnesses. Several of Blunt's nursing homes may require expansion to meet the demand for facilities catering to ambulatory patients.

Metropolitan Printing Company Limited

Metropolitan Printing Company Limited (Metropolitan) was incorporated in 1921 and is engaged in a job printing operation in Edmonton. Production equipment includes modern multicolour offset presses and in 1968 an offset forms press was installed. Operations are carried on in premises owned by Metropolitan, which provides 10,000 square feet of space on land owned by Metropolitan on the southwest corner of 111th Street and 102nd Avenue. Salisbury Developments Ltd. holds all the issued and outstanding shares of Metropolitan but does not carry on an active business. All the issued and outstanding shares of Media Publishing Company Limited, an inactive company, are owned by Metropolitan.

Radio Station CHQT Ltd.

Radio Station CHQT Ltd. (CHQT) commenced broadcasting in 1965 and is one of 5 English language commercial radio stations located in Edmonton, which has a population of 430,000. CHQT broadcasts 18 hours a day with a power of 10,000 watts. The Station's programming is general in nature consisting of popular music, news, discussion and public service programs. Revenue is derived principally from the sale of advertising time to local and national advertisers. CHQT's studio is located in leased premises in central Edmonton.

Farms

Allarco, since 1965, has owned and operated several grain farms totalling 5,440 acres of which 4,320 acres are located near Falher, Alberta, while the balance of 1,120 acres is located in central Alberta. The farms near Falher are devoted in part to the cultivation of seed grains.

Mineral Claims

Allarco has a 50% interest in a group of mineral claims totalling approximately 8,000 acres in the Beaverlodge area of northern Saskatchewan.

Oil Leases

Allarco has a 25% interest in oil and gas leases covering 8,000 acres located on a foothills structure known as Sherman Flats in Alberta, close to the British Columbia border, southwest of Grande Prairie.

PLAN OF DISTRIBUTION

Pursuant to an agreement dated May 2, 1969, Allarco has agreed to sell and Richardson Securities of Canada (the Underwriter) has agreed to purchase, as principal, all the 5,000 Units (each Unit to consist of a \$1,000 Debenture Series A and 50 shares) offered by this prospectus for a total consideration of \$7,600,000 plus accrued interest on the Debentures Series A from June 1, 1969 to date of delivery payable in cash on delivery of interim Debentures representing such Units, if, as and when issued and subject to compliance with the necessary legal formalities and to the terms and conditions stated in the said agreement. The Underwriter is committed to take up and pay for all the Units subject to the terms, conditions and provisions of the said agreement.

Pursuant to an agreement dated May 2, 1969, Messrs. Charles Alexander Allard and Zane Feldman have agreed with the Underwriter not to sell, dispose of, or otherwise deal in, directly or indirectly, any

shares of Allarco for a period of six months from the date of this prospectus without the prior written consent of the Underwriter.

The shares offered by this prospectus and the shares owned, directly or indirectly, by directors and officers of Allarco represent 20% and 80%, respectively, of the 1,250,000 shares to be outstanding after this issue has been completed.

USE OF PROCEEDS

After deduction of expenses connected with the issue (estimated not to exceed \$62,500), the proceeds to be derived by Allarco from the sale of the 5,000 Units offered by this prospectus amounting to \$7,537,500 will be applied as to \$3,005,000 to repay bank advances from the Alberta Treasury Branch (incurred to the extent of \$1,097,000 since October 31, 1968 to repay instalments on long term debt); as to approximately \$320,000 to meet existing 1969 commitments on land purchase agreements for sale; as to approximately \$3,000,000 for development of revenue-producing properties on land described under the subheading Land Held for Development on page 3; and the balance of \$1,212,500 will be added to working capital.

CAPITALIZATION

<u>Designation of Securities</u>	<u>Authorized</u>	<u>Outstanding at October 31, 1968</u>	<u>Outstanding at January 31, 1969</u>	<u>Outstanding at January 31, 1969 after giving effect to this Financing</u>
	\$	\$	\$	\$
Current Liabilities				
Bank advances (secured) (1) _____		2,320,841	3,005,000	—
Long-Term Debt				
Allarco _____				
Debentures Series A _____				5,000,000
Mortgages (1)				
7½% First Mortgage due 1997 _____		2,184,589	2,179,289	2,179,289
7¾% First Mortgage due 1999 _____		1,850,000	2,300,000	2,300,000
7% First Mortgage due 1992 _____		2,945,000	2,940,200	2,940,200
7¼-8% First Mortgage due 1992 _____		5,500,000	5,500,000	5,500,000
7½% First Mortgage due 1993 _____		3,100,000	3,089,200	3,089,200
Sundry Mortgages (6) _____		13,923,973	12,812,623	12,812,623
Sundry Indebtedness _____		2,863,827	1,766,877	1,446,877
Subsidiaries				
Sundry Indebtedness _____		1,235,030	1,205,530	1,205,530
Minority Interests in Subsidiaries				
Shares _____		30,649	30,649	30,649
Deficit _____		(69,169)	(69,169)	(69,169)
Capital Stock (note 3)	(3,500,000	(20,000	(1,000,000	(1,250,000
Shares without nominal	shares)	shares)	shares)	shares)
or par value _____		202	202	3,000,202

NOTES:

1. Bank advances are secured by general assignments of book debts and a fixed and floating charge debenture payable on demand.
2. For particulars of maturities of long term debt see note 11 of Notes to Consolidated Financial Statements on page 19.
3. On January 13, 1969 the issued shares of Allarco were split 50 for 1 and the number of shares without nominal or par value which Allarco could issue was increased from 20,000 shares to 3,500,000 shares. In addition to the stated value of the shares, Allarco had retained earnings of \$1,261,108 as at October 31, 1968.
4. Options for an aggregate of 28,500 shares are described under the heading Options to Purchase Securities on page 14.
5. Reference is made to note 4 of Notes to the Consolidated Financial Statements on page 19 for information concerning lease obligations.
6. Sundry Mortgages includes 52 mortgages none of which has a principal amount in excess of \$1,140,000.

ALLARCO'S INTEREST IN EARNINGS OF ASSOCIATED AND AFFILIATED COMPANIES

The consolidated financial statements of Allarco on pages 16 to 20 inclusive include the accounts, with one exception, of all companies in which Allarco has an equity interest in excess of 50%. The one exception, North West Trust Company has not been consolidated for the reasons set out under the sub-heading North West Trust Company on page 7. The financial statements of North West Trust Company are shown on pages 21 to 24 inclusive. Affiliated and associated companies in which Allarco owns 50% or less have not been consolidated and only the cost of the investment in such companies is included in the consolidated balance

sheet on page 17. The business activities of these companies are described under the heading Business on page 4. The earnings of Allarco reflect earnings from these companies only to the extent of the dividends received from these companies and from North West Trust Company shown below.

	Year Ended October 31,				
	<u>1964</u>	<u>1965</u>	<u>1966</u>	<u>1967</u>	<u>1968</u>
Dividends paid to Allarco	\$ 405	\$12,070	\$12,070	\$12,070	\$36,098

DESCRIPTION OF THE 7% CONVERTIBLE SINKING FUND DEBENTURES, SERIES A AND CERTAIN PROVISIONS OF THE TRUST DEED

The \$5,000,000 principal amount of 7% Convertible Sinking Fund Debentures, Series A (Debentures Series A) offered by this prospectus is the initial series to be issued under and secured by a Deed of Trust and Mortgage (Trust Deed) to be dated as of May 2, 1969 and to be entered into between Allarco and Montreal Trust Company as trustee (the Trustee). The following is a summary of the material attributes and characteristics of the Debentures Series A, which does not purport to be complete and is qualified in its entirety by reference to the Trust Deed.

Debentures Series A

The Debentures Series A will be dated June 1, 1969; will mature June 1, 1989; and will bear interest at the rate of 7% per annum payable half-yearly on December 1 and June 1 in each year. The principal of all the Debentures Series A and the interest and redemption premium, if any, thereon will be payable in lawful money of Canada at any branch in Canada of Allarco's bankers at the holder's option.

Security

The Debentures Series A will, in the opinion of counsel, be direct obligations of Allarco and will be secured by a first floating charge on its undertaking and all its other assets and property for the time being, both real and personal, now owned or hereafter acquired. The said first floating charge and the Trust Deed shall in no way hinder or prevent: (a) Allarco or its Subsidiaries from selling, leasing or otherwise dealing with its property in the ordinary course of its business and, in particular, from giving security to its bankers or others to secure loans, required in the ordinary course of Allarco's business, maturing within 12 months; and (b) Allarco or its Subsidiaries from issuing or becoming liable for fixed charges on real property.

Additional Debt

Allarco or its subsidiaries may issue additional Funded Indebtedness subject to compliance with the covenants set out below.

Covenants

Allarco will covenant that so long as any of the Debentures Series A are outstanding it will not nor will it permit any of its subsidiaries to:

- (a) Issue or become liable on any Funded Indebtedness ranking in priority to or maturing prior to the maturity date of the Debentures Series A;
- (b) Issue or become liable on any Funded Indebtedness unless in all such cases:
 - (i) the average Consolidated Net Earnings before provisions for:
 - (A) taxes exigible in respect of income,
 - (B) interest paid or accrued on the Consolidated Funded Indebtedness,
 - (C) depreciation and amortization on Revenue Producing Properties, of Allarco or its Subsidiaries for 12 consecutive months within the preceding 18 months shall have been not less than two times the amount required to meet the annual interest on the Consolidated Funded Indebtedness of Allarco and its Subsidiaries to be outstanding immediately after giving effect to such financing or incurring such liability, as the case may be; and
 - (ii) the Consolidated Net Tangible Assets of Allarco and its Subsidiaries immediately after giving effect to such financing or incurring such liability, as the case may be, shall be not less than 250% of the Consolidated Funded Indebtedness of Allarco and its Subsidiaries.

- (c) Issue or become liable for any Funded Indebtedness which by the terms thereof provides for, requires or permits in any calendar year maturities of such other funded indebtedness on stated maturities or other retirements, whether out of sinking fund, by redemption on call (except for refunding into an equal principal amount at a lower net interest cost), by purchase or any manner whatsoever exceeding in total principal amount 1/20th of the principal amount of such other funded indebtedness;
- (d) Borrow money from associated or affiliated companies (as defined) other than loans maturing within 12 months of the date of their creation;
- (e) Sell or otherwise dispose of any Funded Indebtedness of a Subsidiary other than to Allarco or another Subsidiary;

provided that nothing in the foregoing clauses (a) to (e) shall prevent Allarco or any Subsidiary:

- (a) from selling, leasing or otherwise dealing with its property in the ordinary course of its business and in particular, from giving security to its bankers or others to secure loans maturing within 12 months required in the ordinary course of business;
- (b) from issuing or becoming liable for fixed charges on real property.

Dividend Restriction

As long as any of the Debentures Series A are outstanding Allarco and/or its subsidiaries will not declare or pay any dividends (other than dividends payable in shares of Allarco or its subsidiaries) on any of its shares or purchase, redeem or otherwise retire any of its shares if the aggregate of such amounts exceed the aggregate of the Consolidated Net Earnings of Allarco and its Subsidiaries earned subsequent to October 31, 1968; provided that this covenant shall not be deemed to restrict or prevent Allarco or its subsidiaries from paying the annual dividends or satisfying any mandatory retirement provisions in respect of any preferred shares of its capital (other than in respect of preferred shares issued by way of stock dividend on the shares of Allarco or its subsidiaries) or any payment or distribution by way of purchase, redemption or reduction of capital if made out of the proceeds of any issue of shares by Allarco or its subsidiaries made concurrently with or immediately prior to such purchase, redemption or reduction.

Redemption

The Debentures Series A will not be redeemable prior to October 31, 1978, otherwise than for sinking fund purposes, as part of any refunding or anticipated refunding involving the application, directly or indirectly, of borrowed funds bearing an interest cost to Allarco and its Subsidiaries of less than 7% per annum unless on each day of any thirty trading days of the sixty consecutive trading days immediately preceding the day on which notice of redemption of such debentures is given, the average price of common shares of Allarco traded at 115% of the then existing conversion price per share and the aggregate number of such common shares traded during such thirty day period was at least 10,000.

Subject to the foregoing, the debentures will be redeemable prior to maturity in whole at any time or in part from time to time, at the option of Allarco, on not less than thirty days' notice, for other than sinking fund purposes, at prices equal to the following percentage of the principal amount thereof, together in each case with accrued and unpaid interest to the date fixed for redemption. If redeemed in the 12 months ending October 31 in each of the following years:

Year	Percentage	Year	Percentage	Year	Percentage
1969	106.0	1976	105.2	1983	102.4
1970	106.0	1977	104.8	1984	102.0
1971	106.0	1978	104.4	1985	101.5
1972	106.0	1979	104.0	1986	101.0
1973	106.0	1980	103.6	1987	100.5
1974	106.0	1981	103.2	1988	100.0
1975	105.6	1982	102.8		

The Debentures Series A will be redeemable prior to maturity on not less than 30 days' notice for sinking fund purposes at the principal amount thereof plus accrued interest to the date specified for redemption.

Allarco will have the right to purchase Debentures Series A in the market or by private contract at prices not exceeding the foregoing percentages of the principal amount plus accrued interest and costs of purchase.

Sinking Fund

Allarco will covenant in the Trust Deed to pay to the Trustee, as and by way of a sinking fund for the Debentures Series A, before October 31 in each of the years 1974 to 1987, an amount sufficient to retire \$175,000 principal amount of such debentures in each such year.

The foregoing sinking fund payments together with the payment of \$2,550,000 at maturity will be sufficient to retire the Debentures Series A in full.

The Debentures Series A will be redeemable out of sinking fund moneys at the principal amount thereof plus accrued interest and unpaid interest to the date fixed for redemption. Debentures Series A

redeemed (for other than sinking fund purposes) or purchased by Allarco and converted Debentures Series A shall, notwithstanding the cancellation thereof, be available to Allarco as a sinking fund credit, which at the election of Allarco may be applied in satisfaction of sinking fund payments payable thereafter. Debentures Series A purchased or redeemed or converted shall be cancelled and shall not be reissued.

Modification

The rights of a debentureholder under the Trust Deed may be modified. For that purpose among others, the Trust Deed will contain provisions for the holding of meetings of debentureholders and for rendering resolutions passed at such meetings and instruments in writing signed by the holders of 66-2/3% or more of the principal amount of the Debentures Series A shall be binding upon all debentureholders, subject to the provisions of the Trust Deed.

Conversion Privilege

Each Debenture Series A will be convertible, at the holder's option, at any time up to the close of business on October 31, 1974 or the third business day immediately preceding the date fixed for redemption of such Debenture Series A, whichever is earlier, into fully paid and non-assessable common shares without nominal or par value in the capital of Allarco as presently constituted (without adjustment for interest accrued on such debentures or dividend on common shares issuable upon conversion) at the rate of 75 common shares per \$1,000 principal amount of Debentures Series A, being at the price of approximately \$13.33 per share, and thereafter until maturity or the third business day immediately preceding the date fixed for redemption of such Debentures Series A at the rate of 65 common shares per \$1,000 principal amount of Debentures Series A, being at the price of approximately \$15.38 per common share.

The Trust Deed will contain provisions to protect the conversion privilege against dilution, including provision for adjusting the number of common shares issuable upon conversion proportionate to changes in the number of common shares outstanding resulting from consolidation or subdivision of Allarco's capital stock.

Allarco will covenant in the Trust Deed that it will at all times reserve sufficient of its unissued common shares to satisfy the exercise of the conversion privilege.

Events of Default

Events of default for the Debentures Series A issued under the Trust Deed will include failure to pay interest or principal, failure to perform covenants after notice and certain events of bankruptcy, insolvency or reorganization.

Certain Definitions

The Trust Deed will contain definitions amongst others substantially to the following effect:

"Subsidiary company" or "Subsidiary" means any corporation or company of which more than 50% of the outstanding voting stock or shares is or shall at any time be owned, directly or indirectly, by or held for Allarco, or means any subsidiary of a subsidiary company, but shall not include the Designated Subsidiary. "Voting stock" or "Shares" as used in this definition shall be stock or shares of any class carrying voting rights, but shall not include stock or shares of any class carrying limited voting rights or carrying voting rights by reason of the happening of any contingency whether or not any contingency shall have happened.

"Designated subsidiary" shall mean North West Trust Company so long as more than 50% of its outstanding voting shares are owned directly or indirectly by or held for Allarco and/or its subsidiaries.

"Associated Company and Affiliated Company" shall mean (1) any company other than a subsidiary company, of which more than 10% of the outstanding voting shares are owned, of record or beneficially, directly or indirectly, by or for Allarco and/or its subsidiaries or (2) any company which, of record or beneficially, directly or indirectly, owns more than 10% of the outstanding voting shares of Allarco.

"Consolidated Funded Indebtedness" shall mean the aggregate of all the funded indebtedness of Allarco and all its subsidiaries arrived at on a consolidated basis.

"Funded Indebtedness" shall mean any indebtedness except Fixed Charges on Real Property of or assumed by Allarco or of or assumed or guaranteed by a Subsidiary, which is not payable on demand and which matures by its terms on, or is renewable at the option of obligor to, a date more than 12 months after the date of the creation, assumption or guarantee thereof.

"Fixed Charges on Real Property" shall mean instruments, agreements or notes containing a covenant or promise to pay a sum of money and made and executed or assumed by Allarco or a Subsidiary directly in favor of any other person, firm or corporation, and secured by mortgage, agreement for sale, pledge or other charge upon real property or interest therein, and all renewals of and substitutions for and the moneys payable under the same, but shall not include any such renewals or substitutions which were effected after the original covenant or promise to pay a sum of money had been in arrears for a period in excess of 90 consecutive days.

"Consolidated Net Tangible Assets" shall mean the total of all assets appearing on a consolidated balance sheet of Allarco and its Subsidiaries prepared in accordance with generally accepted accounting practice, adjusted for the most recent appraised value of the Revenue Producing Properties by an independent appraiser or appraisers acceptable to the Trustee, less the following:

- (a) Any amount included in such balance sheet for goodwill or other assets of an intangible nature;
- (b) The amount of any loans to associated or affiliated companies or to shareholders or other companies (except Subsidiaries) or individuals;

- (c) All liabilities as shown on such balance sheet, other than the following:
- (i) liability in respect of issued shares in the capital stock of Allarco and accumulated surplus.
 - (ii) liability for minority shareholder interests in Subsidiaries, and
 - (iii) liability for the repayment of the outstanding Consolidated Funded Indebtedness;
- (d) To the extent that the same has not been shown as a liability or as a reduction of an asset on such balance sheet, amounts of depreciation, amortization, or provision for losses on realization in respect of assets of Allarco and its Subsidiaries considered by the auditors of Allarco to be normal for companies owning similar properties;
- (e) The amount, if any, by which the gross book value (before deducting any accumulated depreciation in respect thereof) as shown in such balance sheet of the land, buildings, plant, machinery and equipment, other than Revenue Producing Properties of Allarco and its Subsidiaries exceeds the sum of:
- (i) the cost of such assets as at October 31, 1968 as shown in the audited consolidated balance sheet as of that date, and
 - (ii) the cost (determined according to generally accepted accounting practice) of additions thereto made after October 31, 1968,

less the gross book value (before deducting any accumulated depreciation in respect thereof) of disposals subsequent to October 31, 1968.

“Consolidated Net Earnings” shall mean the income of Allarco and its Subsidiaries for any fiscal year computed on a consolidated basis in accordance with generally accepted accounting practice and remaining after deducting or making provision from such income for:

- (i) all expenses of operation and administration of every kind or character;
- (ii) depreciation and amortization considered by the auditors of Allarco to be normal for companies owning similar properties;
- (iii) taxes exigible in respect of income, and
- (iv) interest paid or accrued in such fiscal year including, without limitation, such interest on Consolidated Funded Indebtedness.

“Revenue-Producing Properties” shall mean all real properties or interests therein from time to time owned by Allarco and/or its Subsidiaries in respect of which Allarco and/or its Subsidiaries is entitled to receive rental revenue.

INTEREST COVERAGE

The maximum annual interest on the Debentures Series A will be \$350,000 per annum, which interest will decrease through the operation of the sinking fund for the Debentures Series A. The net earnings before taxes; interest paid or accrued on consolidated funded indebtedness (as defined); and depreciation and amortization on revenue-producing properties amounted to \$956,000 for the year ended October 31, 1968 and are approximately 2.7 times such maximum annual interest.

ASSET COVERAGE

The consolidated net tangible assets of Allarco as at October 31, 1968, reported in the pro forma consolidated balance sheet on page 17 were as follows:

Total Assets		\$48,084,130
Deduct: Loans to affiliated companies and intangible assets	\$ 901,738	
Total liabilities less Debentures Series A, advances from affiliate and minority interests	38,086,516	38,988,254
Consolidated Net Tangible Assets		<u>\$ 9,095,876</u>

These net tangible book values are calculated at cost and thus are not calculated in accordance with the definition of consolidated net tangible assets, which makes provision for the adjustment of the most recent appraised value of the revenue-producing properties as set forth under the subheading Certain Definitions on page 12.

These consolidated net tangible assets represent \$1,819 for each \$1,000 principal amount of Debentures Series A to be outstanding upon completion of this financing.

THE SHARES

Description of the Shares

Allarco is authorized to issue 3,500,000 shares without nominal or par value. Each holder of shares is entitled to one vote for each share held and to participate pro rata in any distribution to shareholders upon liquidation of Allarco. Shareholders are entitled to such dividends as may from time to time be declared by the Board of Directors of Allarco out of funds legally available therefor. All the issued and outstanding shares of Allarco, including those hereby offered, are and will have been fully paid and not subject to further call or assessment by Allarco.

Dividend Policy

Allarco has not paid any dividends since its incorporation and it will now be subject to certain restrictions on the payment of dividends as set out in the Trust Deed securing the Debentures Series A. Allarco plans to retain its future earnings to finance the growth of its operations and, accordingly, it is not contemplated that Allarco will pay dividends in the near future.

OPTIONS TO PURCHASE SECURITIES

Allarco has established a stock option plan under which options to purchase 10,000 shares have been granted to directors and an officer of Allarco, and options to purchase an aggregate of 18,500 shares have been granted to other employees of Allarco and its subsidiaries, all at a price of \$12 per share, being the issue price per share. The options granted are for a 5 year period, and will expire on January 16, 1974.

In addition to the shares under option as of January 31, 1969, Allarco has reserved 21,500 shares for options which may be granted to employees (including directors and officers) in the future. It is the intention to grant these options at the then prevailing market prices.

PRINCIPAL HOLDERS OF SHARES

The following each owned, directly or indirectly, of record and beneficially, more than 10% of the shares of Allarco.

Name and Address	Number of shares owned at January 31, 1969	Percentage of class outstanding	Percentage of class to be owned after this financing	
			Before conversion of Debentures Series A	Assuming conversion of Debentures Series A
Charles Alexander Allard, 9530 Riverside Drive, Edmonton, Alberta.	650,000*	65%	52%	40%
Zane Feldman, 9712 - 141st Street, Edmonton, Alberta.	350,000	35%	28%	21%
	1,000,000	100%	80%	61%

*This includes 50 shares owned by a member of the immediate family of Charles Alexander Allard.

As of January 31, 1969 the directors and senior officers of Allarco, as a group, owned of record and beneficially, 100% of the outstanding shares of Allarco.

ESCROWED SHARES

An escrow agreement has been entered into by Charles Alexander Allard and Zane Feldman of the First Part, Allarco of the Second Part, and Montreal Trust Company of the Third Part, which provides that 750,000 shares of Allarco will be placed in escrow with Montreal Trust Company at or before closing of the underwriting of the securities offered by this prospectus.

The escrow agreement provides that the said shares will not be released from escrow except with the prior written consent of the Ontario, Quebec and Alberta Securities Commissions. It also provides that no transfer, hypothecation or other alienation will be made within the escrow without the prior written consent of the Ontario, Quebec and Alberta Securities Commissions.

MANAGEMENT

Directors and Officers

The names in full and home addresses of the directors and officers of Allarco, the offices held by them in Allarco, and their principal occupations within the 5 preceding years are as follows:

Name and Address	Office	Principal Occupation
Charles Alexander Allard, 9530 Riverside Drive, Edmonton, Alberta.	President, Director	President of Allarco since 1954 and until January 1969 was Chief of Surgery at Edmonton General Hospital.
John Cameron Allard, 903 - 9816 - 112th Street, Edmonton, Alberta.	Secretary, Director	Assistant General Manager of North West Trust Company since November 1968; prior to that time employed in other capacities with that company.
Zane Feldman, 9712 - 141st Street, Edmonton, Alberta.	Vice-President, Director	Vice-President of Allarco and General Manager of the automotive divisions of Allarco.
Frederick Newton Hughes, 419 Boreham Boulevard, Winnipeg, Manitoba.	Director	Partner, Richardson Securities of Canada.
George Alexander Cameron Steer, Q.C. 8612 Buena Vista Road, Edmonton, Alberta.	Director	Partner, Milner & Steer.

Remuneration of the Directors and Senior Officers

The aggregate remuneration paid by Allarco and its subsidiaries, directly or indirectly, to the directors and senior officers of Allarco for the 12 months ended October 31, 1968 was \$23,000. The aggregate remuneration paid or payable by Allarco and its subsidiaries, directly or indirectly, to the directors and senior officers of Allarco from October 31, 1968 to January 31, 1969 was \$5,750. The cost to Allarco of pension benefits, included in the above figures, was less than \$500 for both periods.

Current remuneration of directors and senior officers has been established by Allarco at an annual rate of \$104,500.

Interest of Management in Material Transactions

Directors of Allarco hold options to purchase 10,000 shares as described under the heading Options to Purchase Securities on page 14.

Pursuant to an agreement dated October 31, 1968, Charles Alexander Allard acquired from Allarco all its shares of Pacific Western Securities Ltd. for a total consideration of \$40,000 payable in cash which was equal to book value. By virtue of this agreement, Charles Alexander Allard also has an interest in the agreement dated October 27, 1968, whereby Pacific Western Securities Ltd. acquired from Allarco all its shares of Peoples Finance and Investment Co. Ltd., and Peoples Investors Ltd. for a total consideration of \$1 which was equal to book value.

MATERIAL CONTRACTS

Particulars regarding material contracts entered into by Allarco within 2 years preceding the date hereof, other than contracts in the ordinary course of business, are as follows:

1. The underwriting agreement dated May 2, 1969 made between Richardson Securities of Canada and Allarco referred to under the heading of Plan of Distribution on page 8.
2. The agreement dated February 15, 1969 made between Messrs. Charles Alexander Allard and Zane Feldman and Richardson Securities of Canada referred to under the heading Plan of Distribution on page 8.
3. The agreement dated October 31, 1968 between Charles Alexander Allard and Allarco respecting the sale of shares of and advances to Pacific Western Securities Ltd.; and the agreement dated October 27, 1968 between Pacific Western Securities Ltd. and Allarco respecting the sale of shares of and advances to Peoples Finance and Investment Co. Ltd. and Peoples Investors Ltd. Both these agreements are referred to under the sub-heading Interest of Management in Material Transactions on page 15.
4. The agreement dated January 16, 1969 whereby Allarco established the stock option plan which is described under the heading Options to Purchase Securities on page 14.
5. The Trust Deed dated May 2, 1969 made between Allarco and Montreal Trust Company, referred to under the heading Description of the 7% Convertible Sinking Fund Debentures, Series A and Certain Provisions of the Trust Deed on page 10.

Copies of the foregoing agreements may be inspected at the head office of Allarco at 618-10049 Jasper Avenue, Edmonton, during its usual hours of business, while the shares offered by this prospectus are in the course of primary distribution and for 30 days thereafter.

PENDING LEGAL PROCEEDINGS

Three actions were brought in the Supreme Court of Alberta during April 1967 against two of Allarco's subsidiaries and Charles Alexander Allard by Jack Porter. Porter claims damages in the sum of \$400,000 and an accounting arising out of management contracts that Porter alleges were in effect at the Beachcomber Restaurants in Calgary, Edmonton and Victoria. These actions are being defended.

AUDITORS, TRUSTEE, TRANSFER AGENTS AND REGISTRAR

The auditors of Allarco are Messrs. Alexander Kennedy Miller & Co., Chartered Accountants, 10621-100th Avenue, Edmonton.

The transfer agent and registrar for the shares of Allarco is North West Trust Company at its principal offices located in Winnipeg, Edmonton and Vancouver and through its agents The Metropolitan Trust Co. at its principal office in Toronto, and Montreal Trust Company at its principal offices in Montreal and Halifax.

The trustee under the Trust Deed and the transfer agent and registrar for the Debentures Series A of Allarco is Montreal Trust Company at its principal offices located in Halifax, Montreal, Toronto, Winnipeg, Edmonton and Vancouver.

AUDITORS' REPORT

To the Directors,
Allarco Developments Limited.

We have examined the consolidated balance sheet and pro forma consolidated balance sheet of Allarco Developments Ltd. and subsidiary companies as at October 31, 1968 and the consolidated statements of earnings and retained earnings for the five years ended on October 31, 1968. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion:

- (a) the accompanying balance sheet together with the notes thereto presents fairly the financial position of the Company as at October 31, 1968;
- (b) the accompanying pro forma consolidated balance sheet together with the notes thereto presents fairly the consolidated financial position of the Company as at October 31, 1968, after giving effect at that date to the changes set out in note 1;
- (c) the accompanying consolidated statements of earnings and retained earnings together with the notes thereto presents fairly the results of the operations of the Company for the five years ended October 31, 1968;

all in accordance with generally accepted accounting principles applied on a consistent basis.

Edmonton, Alberta,
April 16, 1969.

(Signed) Alexander Kennedy Miller & Co.,
Chartered Accountants.

ALLARCO DEVELOPMENTS LTD. AND ITS SUBSIDIARIES
Consolidated Balance Sheet and Pro Forma Consolidated Balance Sheet
October 31, 1968

	Consolidated Balance Sheet	Pro Forma Consolidated Balance Sheet (Note 1)
Assets		
Current Assets:		
Cash	\$ 278,615	\$ 3,923,726
Accounts receivable and prepaid expenses	1,840,475	1,840,475
Inventories — at cost (Note 17)	5,266,366	5,266,366
	<u>7,385,456</u>	<u>11,030,567</u>
Mortgages and Agreements Receivable	501,945	501,945
Investments — at cost:		
Shares in other companies (Note 14)	244,185	244,185
Natural resources	129,100	129,100
Land for development (Note 8)	2,029,835	2,029,835
Shares in and advances to affiliated companies (Note 15)	202,123	202,123
Shares in unconsolidated subsidiary — North West Trust Company	668,638	668,638
	<u>3,273,881</u>	<u>3,273,881</u>
Land, Property, Plant and Equipment — at cost (Note 4)	35,561,872	35,561,872
Less accumulated depreciation (Note 12)	2,997,100	2,997,100
	<u>32,564,772</u>	<u>32,564,772</u>
Deferred Expenses, Other Assets and Excess of Cost of Investment in Shares of Subsidiary Companies Over Book Value of Net Assets	250,465	712,965
	<u>\$43,976,519</u>	<u>\$48,084,130</u>
	Consolidated Balance Sheet	Pro Forma Consolidated Balance Sheet
Liabilities		
Current Liabilities:		
Bank advances (Note 7)	\$ 2,320,841	\$ —
Accounts and notes payable and accrued expenses	5,578,920	5,578,920
Advances from unconsolidated subsidiary—North West Trust Company	1,251,548	—
Current portion of long-term debt	2,997,130	2,677,130
	<u>12,148,439</u>	<u>8,256,050</u>
Long-Term Liabilities: (Note 11)		
7% Convertible Sinking Fund Debentures, Series A	—	5,000,000
Mortgages and debentures — secured	29,612,315	29,612,315
Notes and agreements for sale	3,215,281	2,895,281
Advances from affiliated company (Note 16)	774,823	774,823
	<u>33,602,419</u>	<u>38,282,419</u>
Less current portion	2,997,130	2,677,130
	<u>30,605,289</u>	<u>35,605,289</u>
Minority Interest in Subsidiaries	(38,519)	(38,519)
Shareholders' Equity:		
Capital Stock		
Consolidated Balance Sheet		
Authorized and issued 20,000 common shares of no par value..	202	
Pro forma Consolidated Balance Sheet		
Authorized 3,500,000 shares of no par value		
issued and fully paid 1,250,000 shares		3,000,202
Retained earnings	1,261,108	1,261,108
	<u>1,261,310</u>	<u>4,261,310</u>
	<u>\$43,976,519</u>	<u>\$48,084,130</u>

Approved on behalf of the Board:

(Signed) Charles Alexander Allard, Director

(Signed) Zane Feldman, Director

The accompanying notes are an integral part of this statement.

ALLARCO DEVELOPMENTS LTD. AND ITS SUBSIDIARIES

Consolidated Statements of Earnings and Retained Earnings

For the Five Years Ended October 31, 1968

	1964	1965	1966	1967	1968
Revenue:					
Sales	\$ 9,594,505	\$11,192,180	\$12,621,603	\$16,940,785	\$19,295,829
Property rental	1,013,911	1,380,397	1,226,205	2,127,239	2,684,791
Other income including dividends from associated and affiliated companies	2,352,431	2,959,735	1,115,035	2,077,764	3,194,359
	12,960,847	15,532,312	14,962,843	21,145,788	25,174,979
Cost of Sales and Operating Expenses (other than the following items):	11,248,286	14,159,484	13,299,332	18,652,527	20,754,507
Interest	781,950	920,374	1,008,773	1,577,518	2,303,375
Property taxes	241,346	319,242	381,572	471,586	626,907
	12,271,582	15,399,100	14,689,677	20,701,631	23,684,789
Net Earnings before Depreciation and Income Tax	689,265	133,212	273,166	444,157	1,490,190
Depreciation of Fixed Assets and Amortization of Leasehold Improvements (Note 12)	289,822	310,257	452,436	678,332	974,921
Provision for Taxes on Income (Note 13)	(353)	1,379	2,240	1,455	1,792
Minority Interest in Profits (Losses)	(82,324)	(116,426)	(38,614)	(12,209)	31,643
Net Earnings (Losses) (Note 18)	482,120	(61,998)	(142,896)	(223,421)	481,834
Retained Earnings—Beginning of Period	15,766	1,207,589	1,145,591	1,002,695	779,274
Cash dividend from subsidiary (Note 9)	709,703	—	—	—	—
Retained Earnings—End of Period	\$ 1,207,589	\$ 1,145,591	\$ 1,002,695	\$ 779,274	\$ 1,261,108

The accompanying notes are an integral part of this statement.

ALLARCO DEVELOPMENTS LTD.
and its Subsidiaries

**Notes to Consolidated Financial Statements and
Pro Forma Consolidated Balance Sheet**

1. Pro Forma Consolidated Balance Sheet

The pro forma consolidated balance sheet gives effect to the following transactions:

- (a) An increase to 3,500,000 shares in the number of shares without par value which Allarco is authorized to issue and the subdivision of the 20,000 issued shares into 1,000,000 shares.
- (b) The issue of 250,000 shares to the Underwriter for a cash consideration of \$2,850,000.
- (c) The issue of \$5,000,000 7% Convertible Debentures Series A to the Underwriter for cash of \$4,750,000.
- (d) The payment of expenses in connection with the above issues of \$62,500.
- (e) The retirement of current liabilities of \$3,572,389 and of agreements for sale of \$320,000.
- (f) The increase in cash of \$3,645,111.

2. Change of Name

On January 13, 1969 the name of the Company was changed from Paris Investments Ltd. to Allarco Developments Ltd.

3. Consolidation

The accounts of all subsidiary companies with one exception with ownership in excess of 50% have been included in the consolidated financial statements. Affiliated companies in which Allarco owns 50% or less have not been consolidated and only the cost of the investment is included. The one exception is North West Trust Company in which Allarco owns 63.0% (76.6% at October 31, 1968) of the common shares (voting) and 11.6% (14.1% at October 31, 1968) of the first preferred participating shares (non-voting) which entitles it to 21.3% (26.0% at October 31, 1968) of the income. The accounts of North West Trust Company have not been consolidated with those of Allarco both because Allarco is not entitled to 50% of the income and because a more meaningful presentation of Allarco's other business activities can be given without such a consolidation. The assets and liabilities of Park Royal Towers are held in partnership with another company. 50% of the assets, liabilities, income and expenses have been included in these statements.

All statements of subsidiary companies whose accounting periods were not co-terminous with the parent company have been apportioned, on a time basis, to reflect twelve months' income and expenditure for each year ending October 31. Consequently the retained earnings balances have been adjusted to take account thereof.

4. Details of Land, Property, Plant and Equipment — at cost:

Land, buildings and equipment for investment	\$23,362,170
Real estate and equipment — automotive operations	1,944,623
Real estate and equipment — hotels and restaurants	7,787,979
Aircraft and equipment	1,352,528
Equipment, furniture and fixtures	1,114,572
	<u>\$35,561,872</u>

Four buildings included above at a total cost of \$14,571,037 are located on land held under 99 year leases all of which have an unexpired term of over 90 years. The lease obligations on these properties for each of the five years ending October 31, 1973 are:

1969	\$192,298	1972	\$192,298
1970	\$192,298	1973	\$192,298
1971	\$192,298		

5. Commitments

There were capital commitments outstanding as of October 31, 1968 amounting to approximately \$1,419,000 in respect to buildings under construction.

6. Contingent Liabilities

- (a) Allarco is contingently liable as an endorser on customers' notes in the amount of \$1,829,349.
- (b) No provision has been made for a lawsuit in respect of an employment contract in the amount of \$400,000.

7. Bank Indebtedness

Bank advances are secured by general assignments of book debts and a fixed and floating charge debenture payable on demand.

8. Land for Development

Property taxes and interest paid relating to land included in inventory have been capitalized in the following amounts:

1964	\$27,949		
1965	\$29,598	1967	\$ 71,006
1966	\$68,581	1968	\$179,237

9. In 1964 a net profit on sale of a building owned by a subsidiary was transferred to the parent company by way of a non-taxable liquidating dividend in the sum of \$709,703 on the winding up of the subsidiary.

10. The aggregate direct remuneration paid to directors and officers of Allarco for the year ended October 31, 1968, by Allarco was \$15,000; and by the subsidiary not consolidated was \$8,000. The five highest paid employees received salaries totalling \$82,280 for the year ended October 31, 1968.

11. Long-Term Debt

The mortgages and agreements comprising the Company's long-term debt bear interest at an average rate of 7.23% per annum and are repayable as to principal approximately as follows:

Year ending	Principal Repayments
October 31, 1969	\$2,997,130
October 31, 1970	2,772,590
October 31, 1971	1,936,241
October 31, 1972	1,695,963
October 31, 1973	1,671,356
October 31, 1974	2,164,512
October 31, 1975	1,243,243
October 31, 1976	1,302,544
October 31, 1977	1,101,388
October 31, 1978	1,170,028

12. Statement of Earnings

In 1968 Allarco changed its method of providing for depreciation on fixed assets to a straight line basis at the following rates:

Buildings	2 %
Equipment	7½%
Aircraft	8⅓%
Motor vehicles	15 %
Leased vehicles	25 %
Leasehold improvements	20 %

Allarco also adopted the principal of capitalizing property taxes and interest on undeveloped properties. Earnings for prior years have been restated to reflect this change in accounting policy.

13. Income Taxes

With minor exceptions Allarco has not been subject to income taxes, and depreciation recorded in the accounts is less than capital cost allowances claimed for income tax purposes.

Assessments have been issued and reviewed by the Department of National Revenue up to and including 1966, and the provision for income taxes thereafter is on the basis of returns as filed.

The tax loss, subject to review by the Department of National Revenue, was \$775,000 at October 31, 1968.

Deferred income taxes have not been reflected on the consolidated statement of earnings for the five years ended October 31, 1968. If the policy of deferred tax accounting had been followed, deferred income taxes, minority interest and net income for the five years would have been as follows:

Year Ended October 31	Provision for Deferred Income Taxes	Minority Interest	Net Income (Loss)
1964	\$189,924	\$ (51,312)	\$261,184
1965	(79,751)	(68,363)	(30,310)
1966	(81,725)	(29,457)	(70,328)
1967	(108,392)	(9,645)	(117,593)
1968	252,653	24,827	235,997
	<u>\$172,709</u>	<u>\$ (133,950)</u>	<u>\$278,950</u>

14. Shares in other Companies—at cost

Bankhaus Wolfe (a limited partnership)	
(No quoted market value)	\$ 107,997
Cosmopolitan Life Ltd.	
(No quoted market value)	95,004
Supreme Gas and Oil Ltd.	
(Quoted market value \$107,160)	18,800
Other shareholdings (No quoted market value)	22,384
	<u>\$ 244,185</u>

15. Shares In and Advances to Affiliated Companies

	Shares	Advances	Total
Va-Alta. Inc.	\$ 10,864	\$ 86,245	\$ 97,109
Radio Station CHQT Ltd.	2,398	60,000	62,398
Clarendon Construction Ltd.	50	16,500	16,550
Devonian Leaseholds Ltd.	20	26,028	26,048
Tonin Construction Ltd.	10	—	10
Redden Construction Ltd.	5	—	5
Fort George Hotel Ltd.	1	—	1
Park Royal Towers Ltd.	1	—	1
Blunt's Nursing Homes (1965) Ltd.	1	—	1
	<u>\$ 13,350</u>	<u>\$ 188,773</u>	<u>\$202,123</u>

16. Advances from Affiliated Company

Redden Construction Ltd.	\$ 774,823
--------------------------	------------

17. Inventories at Cost

Aircraft and automotive	\$3,473,607
Land	1,461,419
Hotel and restaurants	86,576
Other	244,764
	<u>\$5,266,366</u>

18. Remuneration of the Directors and Senior Officers

The consolidated statement of earnings does not reflect remuneration at the same rate as that which will be paid during the year ending October 31, 1969. Reference is made to the subheading Remuneration of the Directors and Senior Officers on page 15.

AUDITORS' REPORT

To the Shareholders of
North West Trust Company.

We have examined the balance sheet of North West Trust Company as of December 31, 1968 and the statements of income and expenditure and retained earnings for the five years ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances, including verification of the Cash, Bank Balances and Securities of the Company. All our requirements as auditors have been complied with.

We report that the financial statements are in agreement with the books of the Company and that all transactions that have come within our notice have been within the powers of the Company except as explained in Note 2 to the financial statements.

After due consideration we have formed an independent opinion of the position of the Company as at December 31, 1968 and we report that in our opinion and according to the best of our information and the explanations given to us the accompanying balance sheet and statements of income and expenditure and retained earnings represent fairly and truly the state of affairs of the Company as at December 31, 1968 and the results of its operations for the five years ended on that date.

Edmonton, Alberta,
April 16, 1969.

(Signed) Alexander Kennedy Miller & Co.,
Chartered Accountants.

NORTH WEST TRUST COMPANY
Balance Sheet and Pro Forma Balance Sheet
As at December 31, 1968

Assets	Balance Sheet	Pro Forma Balance Sheet (Note 4)
Cash and Short Term Notes	\$ 4,348,510	\$ 4,565,406
Securities — at Cost (note 3)		
Government and corporate bonds	8,776,909	12,271,789
Stocks	1,281,137	1,322,899
Mortgages, Loans and Agreements for Sale	15,623,368	26,359,455
Accounts Receivable	474,698	505,990
Land held for sale	760,829	760,829
Fixed Assets — at cost less accumulated depreciation	409,154	641,289
Organization Expenses and Deferred Charges	274,034	354,069
Commission on Sale of Shares	140,443	140,443
Other Assets	221,046	223,459
	<u>32,310,128</u>	<u>47,145,628</u>
Estates, Trusts and Agencies — properties, funds and investments held for administration, realization and distribution	40,725,761	40,834,420
	<u>\$73,035,889</u>	<u>\$87,980,048</u>

Liabilities	Balance Sheet	Pro Forma Balance Sheet
Guaranteed Account		
Savings on deposit	\$ 8,811,735	\$14,118,823
Guaranteed Investment Certificates	20,183,865	29,089,845
	<u>28,995,600</u>	<u>43,208,668</u>
Accounts Due and Accrued	138	42,476
Mortgages Payable	427,712	427,712
Deferred Income	32,871	48,665
Total Liabilities	<u>29,456,321</u>	<u>43,727,521</u>

Shareholders' Equity		
Capital Stock (Note 1)		
Authorized		
100,000 common class "A" voting shares with a par value of \$10.00 per share	1,000,000	1,000,000
400,000 first preferred participating shares with a par value of \$10.00 per share	4,000,000	4,000,000
	<u>5,000,000</u>	<u>5,000,000</u>
Issued and fully paid		
Balance Sheet		
40,000 common class "A" voting shares	400,000	
170,465 first preferred participating shares	1,704,650	
Pro forma		
48,580 common class "A" voting shares		485,800
207,029 first preferred participating shares		2,070,290
	<u>2,104,650</u>	<u>2,556,090</u>
Capital Premium	526,163	639,023
Contributed Surplus	520,564	520,564
Deficit	(297,570)	(297,570)
Total Shareholders' Equity	<u>2,853,807</u>	<u>3,418,107</u>
Total Liabilities and Shareholders' Equity	32,310,128	47,145,628
Estates, Trusts and Agencies under Administration	40,725,761	40,834,420
	<u>\$73,035,889</u>	<u>\$87,980,048</u>

Approved on behalf of the Board of Directors:

(Signed) Charles Alexander Allard, Director

(Signed) Zane Feldman, Director

The accompanying notes are an integral part of this statement.

NORTH WEST TRUST COMPANY
Statements of Earnings and Retained Earnings
For the Five Years Ended December 31, 1968

	1964	1965	1966	1967	1968
Income	<u>\$1,178,016</u>	<u>\$1,699,095</u>	<u>\$2,085,743</u>	<u>\$2,246,389</u>	<u>\$2,927,751</u>
Expenditure:					
Savings department interest	702,255	951,817	1,162,096	1,374,385	1,561,235
Operating and administrative expenses	413,935	639,044	790,711	1,025,989	1,149,853
Amortization of deferred expenses	—	—	—	34,254	34,254
Provision for depreciation	23,984	35,385	49,022	56,174	55,348
Net (Loss) Profit for the Year	<u>\$ 37,842</u>	<u>\$ 72,849</u>	<u>\$ 83,914</u>	<u>(\$ 244,413)</u>	<u>\$ 127,061</u>
Retained Earnings (deficit)—Beginning of Period	\$ 95,270	\$ 88,940	\$ 110,699	\$ 142,730	(\$ 465,571)
Add: Income tax refund	—	—	693	—	—
Net income for the year	<u>37,842</u>	<u>72,849</u>	<u>83,914</u>	<u>(244,413)</u>	<u>127,061</u>
Less: Dividend declared	34,638	51,090	52,576	—	63,139
Provision for possible losses	—	—	—	214,072	(139,191)
Goodwill and acquisition costs written off	—	—	—	33,069	—
Amount written off in respect of interest and taxes previously capitalized	—	—	—	97,241	—
Amortization of commission on sale of shares	—	—	—	19,506	35,112
Income tax adjustment in respect of prior years	9,534	—	—	—	—
Retained Earnings (deficit)—End of Period	<u>\$ 88,940</u>	<u>\$ 110,699</u>	<u>\$ 142,730</u>	<u>(\$ 465,571)</u>	<u>(\$ 297,570)</u>

Notes to Financial Statements and Pro Forma Balance Sheet

- 1. On December 9, 1968 an increase in the authorized capital of \$3,000,000 to \$5,000,000 was approved at special general meetings of the shareholders.
- 2. The Trust Companies Act, 1967 disqualifies certain investments which were previously permissible. The Company continues to hold investments of this type at December 31, 1968 but these are being progressively reduced.
- 3. The market value of the quoted securities at December 31, 1968 amounted to \$8,294,817. The unquoted securities have been valued by the directors at \$28,754. No provision has been made for the decline in the market value of marketable securities below cost because, in the opinion of management, such decline does not represent a permanent diminution in value.
- 4. On January 1, 1969 the Company acquired all the assets and assumed all the liabilities and obligations of Alberta Fidelity Trust Company in exchange for an issue of 8,580 common class "A" voting shares and 36,564 first preferred participating shares.
- 5. Deferred income taxes have not been reflected on the statements of earnings for the five years ended December 31, 1968. If the policy of deferred tax accounting had been followed the deferred taxes and net income for the five years would have been as follows:

<u>Year ended December 31</u>	<u>Provision for deferred income taxes</u>	<u>Net income (loss)</u>
1964	\$18,921	\$18,921
1965	36,425	36,424
1966	41,957	41,957
1967	(122,207)	(122,206)
1968	63,531	63,530
	<u>\$38,627</u>	<u>\$38,626</u>

CERTIFICATE OF ALLARCO

The foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by Section 13 of the Securities Act (New Brunswick), under the Securities Act (Quebec), by Part VII of The Securities Act, 1966 (Ontario) and the regulations thereunder, by Part VII of The Securities Act, 1968 (Manitoba) and the regulations thereunder, by Part VIII of The Securities Act, 1967 (Saskatchewan) and the regulations thereunder and by Part 7 of The Securities Act, 1967 (Alberta) and the regulations thereunder:

Dated: May 2, 1969

(Signed) Charles Alexander Allard
President
Chief Executive Officer

(Signed) Zane Feldman
Vice-President
Chief Financial Officer

On behalf of the Board of Directors by:

(Signed) John Cameron Allard

(Signed) George Alexander Cameron Steer, Q.C.

DIRECTORS

(Signed) Charles Alexander Allard

(Signed) Frederick Newton Hughes

(Signed) John Cameron Allard

(Signed) George Alexander Cameron Steer, Q.C.

(Signed) Zane Feldman

CERTIFICATE OF THE UNDERWRITER

To the best of our knowledge, information and belief, the foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by Section 13 of the Securities Act (New Brunswick), under the Securities Act (Quebec), by Part VII of The Securities Act, 1966 (Ontario) and the regulations thereunder, by Part VII of The Securities Act, 1968 (Manitoba) and the regulations thereunder, by Part VIII of The Securities Act, 1967 (Saskatchewan) and the regulations thereunder and by Part 7 of The Securities Act, 1967 (Alberta) and the regulations thereunder:

Dated: May 2, 1969

RICHARDSON SECURITIES OF CANADA

(Signed) By: F. N. Hughes

The following is the name of the only person having an interest, either directly or indirectly, to the extent of not less than 5% in the capital of Richardson Securities of Canada: George T. Richardson.

FINANCIAL STATEMENTS

ALLARCO DEVELOPMENTS LIMITED

CONSOLIDATED BALANCE SHEET (Unaudited)

AS OF APRIL 30, 1969

ASSETS

Current Assets:

Cash on hand and in bank							\$ 589,196
Accounts receivable							2,312,705
Inventories—at cost							5,028,053
							<u>7,929,954</u>

Mortgages and Agreements Receivable							418,340
-------------------------------------	--	--	--	--	--	--	---------

Investments—at cost:

Shares in other companies						\$ 203,054	
Natural resources						119,915	
Land for development						1,966,889	
Shares in and advances to affiliated companies						484,559	
Shares in unconsolidated subsidiary						678,129	3,452,546
						<u>3,554,540</u>	

Land Property, Plant and Equipment—at cost						36,795,316	
Less accumulated depreciation						<u>3,554,540</u>	33,240,776

Deferred Expenses, Other Assets and Excess of Cost of Investment in shares of Subsidiary Companies over Book Value of Net Assets							280,589
							<u>\$45,322,205</u>

LIABILITIES

Current Liabilities:

Bank advances							\$ 4,286,061
Accounts and notes payable							4,502,353
Advances from unconsolidated subsidiary							102,378
							<u>8,890,792</u>

Long-Term Liabilities:

Mortgages and debentures—secured						\$30,419,575	
Notes and agreements for sale payable						3,513,742	
Advances from affiliated company						981,508	34,914,825
Current Portion					\$1,782,182	<u>1,782,182</u>	

Minority Interest							(35,748)
-------------------	--	--	--	--	--	--	----------

Shareholders' Equity:

Capital Stock:							
Authorized:							
3,500,000 shares of no par value							
Issued and fully paid:							
1,000,000 shares						202	
Retained Earnings:							
Balance as of October 31, 1968					\$1,261,108		
Net Profit to April 30, 1969					291,026	1,552,134	1,552,336
					<u>291,026</u>	<u>1,552,134</u>	<u>\$45,322,205</u>

Approved on behalf of the Board:

“CHARLES A. ALLARD”, Director

“CAMERON ALLARD”, Director

ALLARCO DEVELOPMENTS LIMITED
CONSOLIDATED STATEMENT OF PROFIT AND LOSS
FOR THE SIX MONTHS ENDED APRIL 30, 1969

Revenue:							
Sales—merchandise and services	....	....	....	....	....	....	\$10,718,099
—land	....	....	....	....	....	....	876,035
Property rentals	....	....	....	....	....	....	1,768,995
Other income	....	....	....	....	....	....	110,764
							<u>13,473,893</u>
Cost of other sales and operating expenses	....	....	....	....	....	\$11,400,452	
Interest	....	....	....	....	....	<u>1,224,975</u>	12,625,427
							<u>848,466</u>
Provision for Depreciation	....	....	....	....	....		<u>557,440</u>
Net Profit	....	....	....	....	....		<u>\$ 291,026</u>

Notes:

1. These statements have been prepared without audit.
2. These statements reflect some estimated figures for Moore Aviation Ltd. since final figures for April 30, 1969, were not available at the time of consolidation.
3. No provision for deferred income taxes is reflected in these statements.

